

## Message Text

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C O N F I D E N T I A L SECTION 1 OF 3 USNATO 3035

C O R R E C T E D C O P Y - DOWNGRADING INSTRUCTIONS - GDS

VICE XGDS-1

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TAGS: PFOR, NATO,UR, XH

SUBJECT: REPORT BY EXPERT GROUP ON THE SOVIET UNION AND EASTERN  
EUROPE

FOLLOWING IS TEXT OF EPORT ON THE SITUATION IN THE SOVIET UNION AND  
EASTERN EUROPE PREPARED BY THE NATO EXPERT GROUP WHICH MET IN BRUSSEL  
S

MAY 12-15, 1975. THE REPORT HAS NOT YET BEEN SCHEDULED FOR  
CONSIDERATION BY THE NAC.

BEGIN TEXT

TRENDS IN THE SOVIET UNION AND EASTERN EUROPE  
REPORT BY THE EXPERT WORKING GROUP

PART I: POLITICAL SITUATION IN THE SOVIET UNION

1. THERE IS NO EVIDENCE THAT BREZHNEV'S AILING HEALTH HAS  
AFFECTED HIS PRE-EMINENT POSITION WITHIN THE LEADERSHIP. NEVER-  
THELESS, HIS SEVEN-WEEK ABSENCE FROM THE PUBLIC SCENE AT THE TURN  
OF THE YAR COINCIDED WITH SIGNS OF DEBATE INSIDE THE REGIME OVER  
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FOREIGN AND DOMESTIC PRIORITIES. THE COMBINATION OF THE TWO  
FACTORS GAVE NEW URGENCY TO THE QUESTION OF SUCCESSION AND  
PROBABLY CONTRIBUTED TO THE EARLY ANNOUNCEMENT OF A DATE FOR THE  
25TH CPSU CONGRESS (24TH FEBRUARY, 1976). POSSIBLY RELATED

DOMESTIC POLITICKING HAS ALREADY LED TO SOME HIGH-LEVEL PERSONNEL CHANGES WITHIN THE PARTY, MOST IMPORTANT OF WHICH WAS SHELEPIN'S "RESIGNATION" FROM THE POLITBURO AT THE APRIL CENTRAL COMMITTEE PLENUM. DESPITE THE MANOEUVERING, THE LEADERSHIP IS APPARENTLY ATTEMPTING TO ACHIEVE, FOR THE FIRST TIME IN SOVIET HISTORY, AN ORDERLY TRANSITION OF POWER.

2. BREZHNEV'S STYLE OF LEADERSHIP BY CONSENSUS HAS HELPED TO PROTECT HIS POSITION FROM ATTACK ON SUBSTANTIVE POLICY GROUNDS. ALL MEMBERS OF THE RULING ELITE CONTINUE TO ENDORSE THE DETENTE POLICY, EVEN IF INTERPRETATIONS OF SOME OF ITS FACETS OCCASIONALLY VARY. ON DOMESTIC ISSUES, BREZHNEV'S OWN PREFERENCES HAVE NOT ALWAYS CARRIED THE DAY, BUT HIS APTITUDE FOR TACTICAL MANOEUVERING SEEMS UNIMPAIRED.

3. INTERNAL DEBATE APPEARS TO FOCUS ON THE ECONOMY AND ITS MANAGEMENT. INVESTMENT PRIORITIES, LONG-RANGE PLANNING, MANAGEMENT REFORMS IN INDUSTRY AND AGRICULTURE, AND ECONOMIC INTERCHANGE WITH THE WEST ARE ALL CURRENTLY UNDER DISCUSSION. GUIDELINE DECISIONS ON ALL OF THESE MUST BE MADE FAIRLY SOON TO ALLOW CONGRESS DOCUMENTS TO BE PREPARED.

4. ON THE OTHER HAND, THE LEADERSHIP APPEARS UNITED IN ITS DETERMINATION TO IMPOSE IDEOLOGICAL CONFORMITY AND SUPPRESS INTERNAL DISSIDENCE, ESPECIALLY AS CONTACTS WITH THE OUTSIDE WORLD BROUGHT ABOUT BY DETENTE INCREASE. THERE IS AN EFFORT FOR THE MOMENT TO AVOID CONFRONTATION ON THE CULTURAL SCENE AND DEFUSE PROBLEMS BY MINOR CONCESSIONS. POLITICAL DISSIDENCE IN CONTRAST IS BEING HANDLED WITH NOTABLY MORE HARSHNESS, AND THE REGIME HAS BEGUN TO MOVE VIGOROUSLY AGAINST RELIGIOUS AND NATIONALIST DISSENT, PARTICULARLY IN THE BALTIC STATES AND ARMENIA. NEVERTHELESS, SAMIZDAT CONTINUES TO CIRCULATE AND THE INTERNATIONAL REPUTE OF HUMAN RIGHTS ACTIVISTS SUCH AS SAKHAROV STILL DETERS THE SOVIET AUTHORITIES FROM ATTEMPTING TO SILENCE THEM DIRECTLY. HARASSMENT OF WOULD-BE JEWISH EMIGRANTS TO ISRAEL HAS ALSO INCREASED AND THE NUMBER PERMITTED TO LEAVE CONTINUES TO DECLINE.

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5. INSPITE OF THE REGIME'S IDEOLOGICAL VIGILANCE CAMPAIGN, SCEPTICISM AND CYNICISM ABOUT OFFICIAL DOGMA CONTINUE TO SPREAD, ESPECIALLY AMONG THE EDUCATED URBAN YOUTH. WHILE THE PROBLEM DOES NOT POSE A SERIOUS THREAT TO INTERNAL CONTROL, IT AFFECTS THE REGIME'S ATTITUDE TOWARD BROADER CONTACTS WITH THE OUTSIDE WORLD.

PART II: ECONOMIC PROBLEMS IN THE SOVIET UNION AND EASTERN EUROPE

6. SOVIET ECONOMIC GROWTH DURING THE CURRENT FIVE YEAR PLAN HAS BEEN SLOWER THAN PLANNED, PARTLY AS A RESULT OF SHORTCOMINGS IN THE AGRICULTURAL SECTOR. GROWTH IN THE PRODUCTION OF CONSUMER GOODS HAS LAGGED BEHIND GROWTH IN HEAVY INDUSTRY, ALTHOUGH THE

ORIGINAL FIVE YEAR PLAN SET OUT TO ACCOMPLISH THE OPPOSITE, AND THE SUPPLY OF CONSUMER GOODS IS STILL INADEQUATE TO SATISFY POPULAR DEMAND. HOWEVER, IN CONTRAST TO GENERAL WESTERN ECONOMIC PERFORMANCE LAST YEAR, THE SOVIETS DID RELATIVELY WELL WITH A GROWTH IN GNP OF 3 PERCENT. REVISED PLAN GOALS FOR 1975 ARE NOT HIGH, AND THUS THEY ARE LIKELY TO BE OVERFULFILLED. THIS MAY HELP DIVERT ATTENTION AWAY FROM THE UNPLEASANT FACT THAT MOST FIVE YEAR PLAN GOALS WILL NOT BE REACHED.

7. THERE HAVE BEEN NO MAJOR DEVELOPMENTS IN THE THE SPHERE OF ECONOMIC REFORM. OUTSIDE THE LARGELY DEFENCE-RELATED PRIORITY INDUSTRIES, THE SYSTEM REMAINS INSUFFICIENTLY INNOVATIVE IN ITS TECHNOLOGY, WASTEFUL OF LABOUR, MATERIALS, AND CAPITAL, AND DEFICIENT IN THE QUALITY OF GOODS AND SERVICES PRODUCED. THE FIVE YEAR PLAN FOR 1976-1980 AND A FIFETN YEAR PLAN FOR 1976-1990 SHOULD BE PUBLISHED IN THE NEXT FEW MONTHS. THE EMPHASIS WILL PBRBABLY BE ON DEVELOPING SIBERIA, IMPROVING THE LOT OF THE CONSUMER, AND RAISING AGRICULTURAL PRODUCTIVITY.

8. AS A RESULT OF RAPID GROWTH, THE INDUSTRIALISED WESTS SHARE OF TOTAL SOVIET TRADE IN 1974(MEASURED IN RUBLES) REACHED ALMOST ONE THIRD, WHILE FOR THE FIRST TIME THE CMEA SHARE DROPPED BELOW 50 PERCENT. PRICE MOVEMENTS FOR RAW MATERIALS ON THE WORLD MARKET SINCE 1973 CAUSED RADICAL IMPOROVEMENT OF SOVIET TERMS OF TRADE, AND FOR THE FIRST TIME IN RECENT HISTORY, THE SOVIET UNION ACHIEVED A SURPLUS IN ITS HARD CURRENCY EARNINGS LAST YEAR. HOWEVER, THE SOVIET PROBABLY EXPECTTHEIR TERMS OF TRADE TO DETERIORATE AS PRICES OF WESTERN INDUSTRIAL EXPORTS RISE  
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IN COMING YEARS. THIS MIGHT BE ONE REASON WHY SOVIET EAGERNESS TO OBTAIN WESTERN CREDITS ON FAVOURABLE TERMS IS UNDIMINISHED. FURTHERMORE, REPAYMENT WILL BE GREATLY FACILITATED BY THE CURRENT INFLATION IN THE WEST, WHICH IS REDUCING THE VALUE OF THEIR HARD CURRENCY DEBTS. A FURTHER EXPANSION OF SOVIET TRADE WITH THE WEST IS TO BE EXPECTED IN 1975. HOWEVER, AS A RESULT OF THE SUBSTANTIAL PRICE INCREASES WITH CMEA (OIL, OTHER RAW MATERIALS, AND MACHINERY) THE TRADE WITH THE CMEA COUNTRIES WILL BE INFLATED IN VALUE, SO THAT A FURTHER DECLINE IN THE CMEA SHARE OF SOVIET TRADE IS NOT LIKELY IN THE NEXT FEW YEARS.

9. THE ECONOMIES OF THE EAST EUROPE COUNTRIES HAVE BEEN AFFECTED TO VARYING DEGREES BY THE CMEA TRADE PRICE REVISION AND THE ENSUING DETERIORATION IN THEIR TERMS OF TRADE WITH THE SOVIET UNION. THE USSR SEEMS TO HAVE PRESSED ITS ECONOMIC ADVANTAGE WHILE AT THE SAME TIME USING THE SITUATION TO PUSH FOR CLOSER CMEA COHESION. IT IS NOT YET CLEAR HOW THE LONG-TERM DEPENDANCE OF THE EAST EUROPEAN COUNTRIES ON THE SOVIET UNION WILL BE AFFECTED, BUT THE SOVIETS DO NOT SEEM ABLE TO COVER MUCH OF THE EXPECTED FUTURE INCREASE IN EAST EUROPEAN ENERGY NEEDS.

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C O N F I D E N T I A L SECTION 2 OF 3 USNATO 3035

PART III: SOVIET FOREIGN POLICY

10. DURING AND SINCE BREZHNEV'S ABSENCE FROM THE POLITICAL SCENE THE SOVIET UNION REPEATEDLY REAFFIRMED ITS COMMITMENT TO ITS DETENTE POLICIES. IT SEEMS, HOWEVER, THAT THE SOVIET LEADERSHIP HAS VIEWED THE RESULTS OF THESE POLICIES MORE SOBERLY DURING THE LAST 12 MONTHS. THEY APPEAR TO HAVE CONCLUDED THAT THE FULL-FILLMENT OF SOME MGVR OBJECTIVES, SUCH AS THE IMPROVEMENT OF RELATIONS WITH THE UNITED STATES HAS BECOME MORE DIFFICULT. THE SOVIET REJECTION OF THE 1974 US TRADE REFOR ACT WAS A SET BACK FOR DETENTE, ALBEIT LIMITED. DIFFERENCES SEPARATING THE USSR FROM THE THREEE POWERS AND THE FEDERAL REPUBLIC OF GERMANY OVER BELIN AFFAIRS HAVE INCREASED. CLARIFICATION OF SOVIET INTENTIONS IN DETENTE CAN BE EXPECTED FRO THE FORTHCOMING US-SOVIET SUMMIT MEETING AS WELL AS THE CSCE SUMMIT.

11. THE MAIN SHORT-TERM SOVIET OBJECTIVE IN DETANTE POLICY IS TO CONCLUDE THE CONFERENCE ON SECURITY AND CO-OPERATION IN EUROPE AT SUMMIT LEVEL. THE USSR WILL PRESENT THE CONCLUSION OF THE CSCE AS:

-AN ACHIEVEMENT OF HISTORIC SIGNIFIANCE;

-THE END OF THE POST-WAR PHASE IN EUROPE;  
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-CONFIRMATION IN INTERNATIONAL LAW OF THE EUEOPEEAN STATUS QUO;

- CONFIRMATION OF "PEACEFUL CO-EXISTENCE".

12. IN THE POST-CSCE PERIOD, THE SOVIETS WILL :

-CALL FOR THE IMPLEMENTATION OF THE PRINCIPLES OF  
"PEACEFUL CO-EXISTENCE", AS IN THEIR PROGRAMME OF  
ACTION OF 9TH MAY, 1975:

-EMPHASIZE THE PRINCIPLES OF INVIOABILITY OF FRONTIERS  
AND NON-INHRFERSVCSAS THE KEY PROVISIONS IN THE CSCE  
DOCUMENTS:

-USE THE PRINCIPLES OF NON-INTERFERENCE AND RESPECT FOR  
SOVEREIGNTY AS A SHIELD AGAINST IDEOOGICAL INFECTION  
IN BASKET III MATTERS;

-CLAIM THAT THE CSCE RESULTS PREPARE THE GROUND FOR A COLLECTIVE  
EUROPEAN SECURTY SYSTEM.

13. THE LONG-TERM OBJECTIVES OF THIS PROJECT OF COLLECTIVE  
EUROPEQN SECURITY ARE TO WEAKEN NATO AND TRANS-ATLANTIC TIES AND  
TO IMPEDE WEST EUROPEAN SOLIDARITY. WITH THE SLOGAN OF  
"COMPLEMENTING POLITICAL DETENTE WITH MILITARY DETENTE" THE  
SOVIET UNION HOPES TO PROMOTE THESE OBJECTIVES IN THE FIELDS OF  
DISARMAMENT AND MBFR AND PERHAPS ELSEWHERE. THE USSR WILL  
PROBABLY CALL AT A FUTURE TIME FOR SOME FORM OF MULITLATERAL  
FRAMEWORK TO CONTINUE THE MOMENTUM GENERATED BY CSCE. MEANWHILE  
THEY WILL FOSTER EAST-WEST CONTACTS BETWEEN NON-GOVERNMENTAL  
GROUPS TO SUPPLEMENT STATE-TO-STATE RELATIONS.

14. THE PREPARATORY CONFERENCES IN WARSAW AND BUDAPEST  
(1974) HELPED TO CLEAR THE GROUND FOR THE EUROPEAN CONFERENCE OF  
COMMUNIST PARTIES TO BE HELD THIS YEAR IN EAST BERLIN. IT IS  
OBVIOUS THAT MOSCOW IS BENT ON ACHIEVEING THREE MAIN GOALS:

-THE ESTABLISHMENT, WITH AN EYE T THE POST-CSCE PERIOD,  
OF A LIST OF TASKS DESIGNED TO FURTHER DETENTE IN  
EUROPE; IN THIS RESPECT, THE EAST BERLIN CONFERENCE  
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WILL BE THE COUNTERPART OF THE 1967 KARLOVY VARY  
CONFERENCE;

-THE DEMONSTARTAIN OF THE COMPATIBILITY BETWEEN THIS  
POLICY AND THE "CRISIS OF CAPITALISM";

-THE STRENGTHENING OF THE EUROPEAN COMMUNIST MOVEMENT IN  
ANTICIPATION OF A WORLD PARTY CONFERENCE.

15. THESE INTENTIONS HAVE BECOME INCREASINGLY CLEAR AS  
PREPARATIONS HAVE GONE AHEAD AND THE WORK OF THE DRAFTING GROUP  
(WHICH MET IF EAST BERLIN IN FEZCQZHMTWRF IN APRIL 1975) HAS RUN  
INTO CONSIDERABLE DIFFICULTIES. THESE DIFFICULTIES STEM FROM THE  
VERY NATURE OF THE FINAL DOCUMENTS. AS FAR AS MOSCOW IS CONCERNED,  
TWO DOCUMENTS HAVE TO BE DRAWNUP: ONE CONTAINING A CALL TO THE

FORCES F THE LEFT IN EUROPE, THE MAIN PURPOSE OF WHICH WOULD BE TO DISSEMINATE SOVIET CONCEPTS OF DETENTE, AND THE OTHER EMBODYING A BINDING PROGRAMME OF COMMON ACTION.IT IS THE LATTER, PREPARED IN DRAFT FORM BY THE EAST GERMANS, WHICH THE YUGOSLAVS, SUPPORTED BY THE RUMANIANS, THE ITALIANS AND THE SPANIARDS ARE UNABLE TO ACCEPT. THEY HAVE EVEN GONE SO FAR AS TO THREATEN TO WITHDRAW FROM THE PREPARATORY WORK. IT SEEMS LIKELY THAT THE RUSSIANS WILL ACCORDINGLY HAVE TO MAKE SOME CONCESSIONS.

16. THE FACT THAT MOSCOW ISSIMULTANEOUSLY AND SUCCESSFULLY WORKING TOWARDS THE CFSNFORCMENTQS COHESION BETWEEN THE COMMUNIST PARTIES IN THE SOCIALIST CAMP (PRAGUE CONFERENCE, MARCH 1975) MUST INEVITABLY ADD TO THE MISGIVINGS OF THE MORE INDEPENDENT PARTIES.

17. THE USSR CLEARLY SAW THE SETBACK TO AMERICAN EFFORTS TO ACHIEVE A NEGOTIATED SETTLEMENT IN THE MIDDLE EAST AS VINDICATION OF THEIR PERSISTENT CIRTICISM OF THE"STEP-BY-STEP" PROCESS. NEVERTHELESS, IT HAS VREEUED NEW DIFFICULTIES OF THE SOVIETS IN THE AREA AND HAS LED THEM TO PROCEED WITH GREATER CAUTION. HAVING CALLED REPEATEDLY FOR AN EARLY RESUMPTION OF THE GENEVA CONFERENCE, THE SOVIETS MAY HOW HAVE TO ASSUME A CONSIDERABLE MEASURE OF RESPONSIBILITY FOR ITS OUTCOME. CONSEQUENTLY THEY NOW EMPHAISSE THE NEED FOR THE CONFERENCE TO BE CAREFULLY PREPARED AND SHO LITTGSEENSE OF URGENCY OVER THE TIMING. IN SPITE OF RECENT HIGH-LEVEL SOVIET MEETINGS WITH ALL CONFIDENTIAL

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THE MAJOR ARAB GOVERNMENTS AND THE PLO AND UNOFFICIAL CONTACTS WITH ISRAEL, THE SOVIETS DO NOT YET SEE ANY VIABLE SOLUTION TO THE PROBLEM OF PLO REPRESENTATION. NOR HAVE THE SOVIETS RESOLVED ANY OF THEIR CONTINUING PROBLEMS IN THEIR BILATERAL RELATIONS WITH ARWC GOVERNMENTS. SOME OF THESE , NOTABLY WITH EGYPT, ARE FUNDAMENTAL. BECAUSE OF THE INCREASED UNCONTOLLABILITY OF ANY FUTURE ARAB-ISRAEL CONFLICT AND THE CONSEQUENTLY GREATER DANGER OF SOVIET INVOLVEMENT, THE USSR REMAINS COMMITTED TO THE SEARCH FOR A PEACEFUL SETTLEMENT IN THE AREA.

18. WHILE WELCOMING COMMUNIST GAINS IN INDOCHINA, THE USSR DISPLAYS GREAT CAUTION OVER THE FUTURE OF THE AREA. THIS CAN BE ASCRIBED TO UNWILLINGNESS TO DAMAGE RELATIONS WITH THE UNITED STATES AND TO UNCERTAINTY ABOUT THE FUTURE POLITICAL ATTITUDES OF THE GOVERNMENTS OF HANOI, SAIGON AND PHNOM PENH. THE USSR WILL CONTINUE TO TRY TO ESTABLISH ITSELF AAS THE DOMINANT INFLUENCE THERE, PROBABLY AT THE COST OFCONSIDERABLE AMOUNTS OF ECONOMIC AND MILITARY AID, IN ORDER TO COUNTER CHINESE EFFORTS IN THE REGION. THE PROSPECTS FOR SOVIET INFLUENCE ARE MORE FAVOURABLE IN HANOI THAN IN PHNPM PENH.

19. THERE SEEMS TO HAVE BEEN NO REAL CHANGE IN SINO-SOVIET RELATIONS. THE LEVEL OF POLEMICS AND DIPLOMATIC ACTIVITY VARIES, MAINLY ACCORDING TO TACTICAL CONSIDERATIONS. NEITHER SIDE

APPEARS TO WANT OR TO EXPECT MILITARY CONFLICT. THE BILATERAL

RIVALRY IS MOST OBVIOUS IN THEIR COMPETITION OF INFLUENCE IN  
THIRD COUNTRIES (E.G. INDOCHINA). THE SOVIET SIDE DOES NOT  
APPEAR TO EXPECT EVEN THE DEPARTURE OF MAO TSE-TUNG TO BRING  
ABOUT A FUNDAMENTAL IMPROVEMENT IN BILATERAL RELATION, BUT  
CONTINUES TO EMPHASIZE ITS DESIRE FOR NORMALISATION OF STATE-  
TO-STATE RELATIONS.

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20. THE MAJOR OBSTACLE TO IMPROVED SOVIET-JAPANESE RELATIONS  
AND TO A PEACE TREATY REMAINS THE NORTHERN ISLANDS ISSUE. THE  
SOVIET POSITION ON THIS HARDENED DURING FOREIGN MINISTER  
MIYAZAWA'S VISIT. BUT THE BILATERAL DIALOGUE WILL CONTINUE. THE  
SOVIETS ARE CONCERNED AT THE STEADY IMPROVEMENT IN SINO-JAPAN  
RELATIONS AND HAVE SOUGHT TO INFLUENCE THE NEGOTIATIONS ON THE  
SINO-JAPANESE FRIENDSHIP TREATY. SOVIET-JAPANESE ECONOMIC  
CO-OPERATION HAS MADE SOME PROGRESS BUT HAS NOT COME UP TO  
EARLIER EXPECTATIONS.

21. THE SOVIETS MAY ALSO USE THE CONCLUSION OF CSCE TO GIVE  
RENEWED IMPETUS TO THEIR CAMPAIGN FOR COLLECTIVE SECURITY IN ASIA.  
HOWEVER, THEY HAVE NOT DEFINED THE PURPOSE OF THE CAMPAIGN WITH  
ANY GREAT CLARITY, AND THEY HAVE NOT WON ANY FURTHER SUPPORT  
FROM ASIAN COUNTRIES. THE MAIN OBSTACLE TO ITS SUCCESS REMAINS  
CHINESE OPPOSITION AND THE CONSEQUENT RELUCTANCE OF MOST ASIAN  
COUNTRIES TO GET INVOLVED IN THE SINO-SOVIET CONFLICT. THE  
SOVIETS CLEARLY DO NOT EXPECT EARLY CONCRETE RESULTS BUT SEEK TO  
REINFORCE THEIR STATUS AS AN ASIAN POWER THROUGHOUT THE PROCESS OF  
DISCUSSING THEIR PROPOSALS.

2. THERE HAVE BEEN NO MAJOR DEVELOPMENTS IN SOVIET POLICIES  
TOWARDS AFRICA IN SPITE OF INCREASING SOVIET PROPAGANDA. AMONG THE

FORMER PORTUGUESE TERRITORIES, GUINEA-BISSAA ONLY SEEMS TO  
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ATTRACT SIGNIFICANT INTEREST FROM THE SOVIETS, WHO HOPE PERHAPS  
TO OBTAIN NAVAL FACILITIES IN THE CAPE VERDE ISLANDS. POLITICAL,  
MILITARY AND ECONOMIC RELATIONS WITH SOMALIA CONTINUE TO  
EXPAND.

23. IN LATIN AMERICA THERE HAS BEEN A SLOW AND MODERATE  
INCREASE IN SOVIET ACTIVITY. POLITICALLY, THE SOVIETS FAVOUR  
REFORMIST REGIMES SUCH AS THAT OF PERU, BUT THEY ARE WILLING TO  
ENTER INTO ECONOMIC ARRANGEMENTS WITH THE LARGER STATES OF THE  
CONTINENT WHATEVER THEIR POLITICAL COMPLEXION (EMG. BRAZIL).  
SOVIET PROPAGANDA EMPHASIZES DIFFERENCES OF INTEREST BETWEEN THE  
UNITED STATES AND LATIN AMERICA AND THE CONTINUING EXPANSION OF  
CUBAN DIPLOMATIC RELATIONS IN THE AREA.

24. OKEAN 75, THE RECENT WORLD-WIDE SOVIET NAVAL EXERCISE  
HAS DEMONSTRATED SOVIET INTEREST IN SHOWING OFF ITS NAVAL POWER.  
THE POLITICAL IMPACT OF THE EXERCISE ON WESTERN AND THRID WORLD  
OPINION WAS AS MUCH A PART OF ITS OBJECTIVES AS ITS MILITARY  
SIGNIFICANCE.

#### PART IV: THE SITUATION IN EASTERN EUROPE

25. THE PROBLEM OF BERLIN REMAINS A MAJOR POINT OF DISPUTE  
IN EAST/WEST RELATIONS. THE SOVIET UNION AND ITS ALLIES CONTINUE  
TO INTERPRET AS RESTRICTIVELY AS POSSIBLE THE PROVISIONS OF THE  
QUADRIPARTITE AGREEMENT OF 1971 ON THE TIES BETWEEN WEST BERLIN  
AND THE FEDERAL REPUBLIC OF GERMANY. AS A RESULT, THEY CREATE  
DIFFICULTIES OVER THE INCLUSION OF WEST BERLIN BOTH IN BILATERAL  
AGREEMENTS AND ARRANGEMENTS WITH THE FEDERAL REPUBLIC OF GERMANY  
AND ON MULTILATERAL NEGOTIATIONS.

26. IN THE GERMAN DEMOCRATIC REPUBLIC HONECKER CAN  
APPRAENTLY RELY ON A MAJORITY IN THE POLITIBUREAU, ESPECIALLY  
AMONG THE MIDDLE GENERATION. IN HIS PUBLIC APPEARANCES, HE HAS  
STRESSED THE PART'S EFFORTS TO INCREASE THE STANDARD OF LIVING  
IN THE GDR WITH A VIEW OF RECONCILING THE POPULATION WITH THE  
SOCIALIST SYSTEM. "ABFRENZUNG" FROM THE FEDERAL REPUBLIC REMAINS  
A MAJOR CONCERN OF THE REGIME.

27. GIEREK'S POSITION IN POLAND REMAINS SOUND DESPITE THE  
ODD DEMINSTRATION AGAINST MINOR FOOD SHORTAGES WHICH ARE MAINLY  
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THE CONSEQUENCE OF INNEFFICIENT DISTRIBUTION. THE FIRST SECRETARY  
IS UNDERTAKING REFORMS DESIGED TO SIMPLIFY ADMINISTRATIVE  
STRUCTURES AND TO EFFECT CHANGES IN SOME KEY POSTS. THESE REFORMS  
WILL INEVITABLY HAVE POLITICAL CONSEQUENCES WHICH ARE DIFFICULT



TO ESTIMATE AT PRESENT. THE REGIME IS SHOWING SOME SIGNS OF UNDERSTANDING THE NEED FOR A GRADUAL RETURN TO NORMAL IN ITS RELATIONS WITH THE CATHOLIC CHURCH BY ACCEPTANCE OF RELIGIOUS BELIEF AS ONE OF THE FACETS OF THE POLISH NATIONAL MAKE-UP AND NOT AS A MANIFESTATION OF OPPOSITION TO THE COMMUNIST REGIME.

38. THE CZECHOSLOVAK IMAGE IS STILL TRANISHED IN THE WEST BY THE EVENTS OF 1968. IT IS PROVING DIFFICULT TO GET A POLICY OF NATIONAL RECONCILIATION OFF THE GROUND OWING TO THE EXISTENCE OF HARD-LINERS WITHIN THE PARTY. THE REGIME'S REACTION TO THE SMRKOVSKY, DUBCEK AND HAVEL AFFAIRS SHOWS THAT IT HAS YET TO FIND ITS INTERNAL EQUILIBRIUM.

29. THE DOMESTIC SCENE IN HUNGARY HAS BEEN DOMINATED BY THE 11TH HUNGARIAN SOCIALIST WORKERS PARTY CONGRESS WHICH TOOK PLACE IN MARCH AND WHICH RE-AFIRMED THE POSITION OF KADAR IN THE PARTY LEADERSHIP AS WELL AS ENDORSING THE BROAD OUTLINES OF THE NEW ECONOMIC STRUCTURE.

30. IN RUMANIA, THE 11TH CONGRESS CONFIMED CEAUSESCU IN HIS POSITION AS PARTY LEADER. THIS STEP CONSTITUTED AN ASSURANCE THAT THE RUMANIAN POLICY OF RELATIVE INDEPENCECE WOULD BE PURSUED. ON THE HOME FRONT, THE POLICY IS ONE OF FIRMNESS, REGRADED BY THE AUTHORITIES AS A CONDITION FOR CONTINUING ECONOMIC EXPANISION BASED ON THE PREDOMINANCE OF INDUSTRY.

31. IN YUGOSLAVIA, THE SUCCESSION PROBLEM REMAINS THE DOMINANT FACTOR. HOWEVER, THE REAFFIRMANTAIN OF THE PRINCIPLE COLLECTIVE LEADERSHIP IN THE RECENTLY CREATED FEDERAL COUNCILS OF THE STATE PRESIDENCY UNDERLINES THE WILL OF THE YUGOSLAV LEADERSHIP TO ESTABLISH A STRUCTURE AT THE NATIONAL LEVEL WHICH, BY DELICATELY BALANCING THE DIFFERENT NATIONAL AND POLITICAL COMPONENTS WITHIN STATE AND PATY PODIES, MAY ENSURE A SMOOTH TRANSITION AFTER TITO'S PASSING.

32. THE DANGER OF A SOVIET MILITARY INTERVENTION IN THE IMMEDIATE POST-TITO PERIOD IS REGRADED AS GHIGHLY UNLIKELY BECAUSE CONFIDENTIAL

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IT WOULD SERIOUSLY ENDANGER DETENTE, PROVOKE A MAJOR EUROPEAN CRISIS AND BE MET WITH UNITED YUGOSLAV RESISTANCE. HOWEVER, OTHER MEANS OF PRESSURE ARE NOT TO BE RULED OUT.

33. THE PURGED, RESTRUCTURED AND RECENTRAISED YUGOSLAV COMMUNIST LEAGUE IS AN EFFICIENT ORGAN WHICH HAS BEEN FULLY INTEGRATED IN EVERY SECTOR OF NATIONAL LIFE AND IN THE MACHINERY OF THE STATE. THE ARMY, A UNIFING FORCE IN TIMES O STABILITY, WOULD BE A RELIABLE INSTRUMENT IN ANY NATIONAL CRISIS.

34. YUGOSLAV RELATIONS WITH THE SOVIET UNION HAVE REMAINED BASICALLY UNCHANGED. THE TACTLESS SOVIET FAILURE TO RECOGNISE THE ROLE OF THE UYGOSLAV ARTISANS IN THE SECOND WORLD WAR CAUSED

SOME DAMAGE WHICH SEEMS TO HAVE BEEN REPAIRED DURING THE VISIT OF THE YUGOSLAV PRIME MINISTER BIJEDIC TO MOSCOW IN APRIL 1975, A MORE SIGNIFICANT FACTOR IS YUGOSLAV RESISTANCE TO SOVIET ATTEMPTS TO IMPOSE A JOINT PROGRAMME OF ACTION ON THE EUROPEAN COMMUNIST PARITIES.

35. ALTHOUGH YUGOSLAVIA HAS LOST ITS PRE-EMINENCE IN THE NON-ALIGNED MOVEMENT, ITS POLICY IN THIS FIELD REMAINS UNCHANGED AND ITS ACTIVITY IN THE THIRD WORLD CONTINUES TO BE INTENSIVE. YUGOSLAVIA'S ABILITY TO SUSTAIN ITS POLICY OF NON-ALIGNMENT DEPENDS TO SOME EXTENT ON WESTERN WILLINGNESS TO HELP IT OVER ITS ECONOMIC DIFFICULTIES.

36. YUGOSLAVIA'S RELATIONS WITH THE OTHER BALKAN COUNTRIES, PARTICULARLY WITH RUMANIA, CONTINUE TO IMPROVE. THE MACEDONIAN QUESTION WHICH CROPS UP FROM TIME TO TIME STILL AFFECTS ITS RELATIONS WITH BULGARIA. THE ALBANIAN ATTITUDE TOWARDS YUGOSLAVIA RECENTLY BECAME MORE FLEXIBLE.

END TEXT

BRUCE

CONFIDENTIAL

<< END OF DOCUMENT >>

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 18 AUG 1999  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
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**Decaption Date:** 01 JAN 1960  
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**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Reference:** n/a  
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**Review Authority:** CunninFX  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 01 MAY 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <01 MAY 2003 by ShawDG>; APPROVED <25 SEP 2003 by CunninFX>  
**Review Markings:**

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**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
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**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006